

ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT ARKANSAS

JUN 01 2007

JAMES W. McCORMACK, CLERK
By: *[Signature]*

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

HAROLD S. LONGS, and
YOUR MONEY WORTH, INC.,

Defendants.

Case No.:

4, 07 • CV 0000 0537 SWW

COMPLAINT

This case assigned to District Judge *[Signature]*
and to Magistrate Judge *[Signature]*

Plaintiff, the United States Securities and Exchange Commission (the "Commission"), files this Complaint against Defendants Harold S. Longs and Your Money Worth, Inc., and would respectfully show the Court as follows:

SUMMARY

1. This emergency matter seeks to halt an ongoing fraudulent investment offering promising annual returns of 36% to 96% from a variety of high yield investments with guaranteed safety of principal. On a website registered to Harold S. Longs ("Longs") of Jacksonville, Arkansas, Your Money Worth, Inc. ("YMW"), describes itself as "a private membership of invested believers sharing in a new trend of higher finance." The Defendants are currently soliciting investors through the Internet and through teleconferences arranged by Longs claiming that investor funds are used to invest in "high growth investment products on all major markets of the world," including stocks, gold, private placement, spot trades and the world currency markets. In reality, however, records obtained by the Commission indicate that Longs is operating YMW as a *ponzi* scheme, enriching himself at the expense of his investors.

2. Since January 2006, YMW has offered prospective investors the opportunity to invest in at least eight separate investment programs, with a one-time minimum investment of as little as \$1,000. The programs claim to offer returns from three-percent a month up to eight-percent a month (36%-96% annually), although none of the programs describe in any substantial detail what the investment program entails. For example, YMW Opportunity M states that investors can earn between 3%-5% a month, that the returns are paid monthly, and at the end of one year, investors have the option of re-investing their principal. At no point do any of the YMW offering documents offer any meaningful explanation of how YMW achieves such returns.

3. According to records obtained from PayPal, the Internet payment service to which investors are directed to send money, investor funds have been used to pay Longs' personal and travel expenses, and have been sent to an account in Longs' name at an Arkansas bank. From January 2006 to the present, at least 67 investors in 11 states have invested over \$750,000 in the program. Even though payments based on purported "returns" have been made to some investors, the only source of incoming funds from which these payments were made is investments by new participants.

4. The Commission, in the interest of protecting the public from further such fraudulent activities, brings this action seeking a temporary restraining order and orders to preliminarily and permanently enjoin Defendants from further violations of the federal securities laws. The Commission further seeks an asset freeze order, an accounting and other emergency orders as well as disgorgement of Defendants' ill-gotten gains, plus prejudgment interest thereon, and civil monetary penalties as allowed by law.

YMW business website. In addition, Longs provided his personal residence address in Jacksonville as YMW's address, and a North Little Rock post office box as a second address for YMW. The PayPal account opening documents also identified a bank account at First Arkansas Bank and Trust purportedly in the name of YMW. In January 2006, Longs registered the Internet domain name yourmoneyworth.com, providing a post office box in North Little Rock, Arkansas, as the contact address.

9. The YMW website contains a purported translation of a certificate of incorporation from the Public Registry of the Republic of Panama for Your Money Worth Inc., stating that it was recorded at the Public Registry Office on May 24, 2006. The public website maintained by the Registry confirms that a corporation filing for YMW was made on that date. Longs' name does not appear on the certificate of incorporation and no address or other contact information for the corporation is provided.

10. On its website, YMW represents that it is "a private Panama-based investment group operating in gold, private placement, spot trades, and the world currency markets. Having started as a small investment group operating only on the US stock market, we have gradually expanded our investment activities on all major financial markets of the world. Our representatives operate all over the globe thus providing us with a big picture view on the world of finance. Originally Your Money Worth was registered and operated from the US, but later moved to Panama for tax minimization purposes." YMW expressly represents that all investor funds are invested in legitimate investments from which investors will receive their *pro rata* share of the profits. The website represents that investor funds are "spread over our investment portfolio and managed by our investment group," and "diversified into these high growth instruments for maximum profits." Longs causes similar representations to be made in tele-

conferences arranged to pitch the YMW investments to unsuspecting victims. These representations are false.

11. In order to obtain more detailed information about the investment program, potential investors are required to register online and pay a “membership fee,” and must certify that they are not employees of any law enforcement or government agency. The registration form does not seek any information concerning the investor’s level of investment experience, sophistication, or financial resources. Before participating, potential investors must also click on-screen buttons indicating that they agree with a list of disclaimers, including that “under no circumstances should anything found on this site be considered or construed as an offer to sell securities or a solicitation to invest in any investment opportunity,” that “Your Money Worth disclaims any liability for performance of any investment which comes to your attention here on this website. You bear total responsibility for all decisions made. You also agree to invest money that you can afford to lose,” and that “all information you receive or find on Your Money Worth is of private nature and not available to the general public and is, therefore, exempt from the US Securities Act of 1933 and all amendments or any equivalent laws of any jurisdictions.” An additional disclaimer states that “Your Money Worth is an educational and financial training membership organization...Your Money Worth does not offer or attempt to sell any investment or registered securities. By virtue of membership, participating members are able to be introduced to qualified and registered practitioners of various disciplines who may be able to assist in specific cases.” These purported disclaimers are inconsistent with the language on the site expressly offering investments with stated returns, which clearly constitute securities.

12. Once the membership fee (trial, annual, or lifetime) is paid, YMW members may then “invest” in any of the programs offered. Investors are required to invest at least \$1,000 and

14. YMW expressly denies that its program operates as a *ponzi* scheme. The website includes the question, “Is this a HYIP [high yield investment program] like others I have seen?” and the response: “No—never! . . . Taking money from one to pay another is a highly illegal practice . . . Investing in HYIP systems is . . . a risk we do not take. . . The funds you place in Your Money Worth is [sic] genuinely invested and real returns are paid.”

15. From January 2006 to the present, at least 67 investors in 11 states have sent approximately \$755,000 to the PayPal account Longs opened in the name of YMW. According to PayPal records, investors have continued to send funds to the YMW account, as recently as May 18, 2007.

16. In its description of the use of investor funds, YMW specifically represents that “[e]ach passing day (working) we physically remove funds from the PayPal accounts to the Offshore Company Call Account where it becomes an auditable turnover. It is then distributed to high rate investments thru our investment group. Once the return (in bulk amounts) matures, it is returned to the company bank account and sent to PayPal for payment to investors like you.”

17. YMW’s representations concerning the use of investor funds are false. Contrary to representations made YMW, investor funds were not “kept in a safe stable environment until placed in the various investments” and were not removed from the account daily to be sent to be invested. The PayPal account to which YMW directed investors to send funds was opened and controlled by Harold Longs. Longs used at least \$27,000 in investor funds to make payments through a PayPal debit account, for his personal benefit. These include cash withdrawals totaling approximately \$15,000 from ATM machines, payments to restaurants, hotels, airlines, travel to Panama on at least three occasions, and stores such as Home Depot and Wal-Mart. Approximately \$5,900 was sent from the YMW PayPal account to another PayPal account in the

