

FILED

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

APR 30 P 3:30

CLERK US DISTRICT COURT
ALEXANDRIA, VIRGINIA

_____))
 UNITED STATES SECURITIES))
 AND EXCHANGE COMMISSION,))
 100 F Street, N.E.))
 Washington, DC 20549))
 Plaintiff,))
 v.))
 DARLENE NELSON POWELL and))
 ROBERT ELDRIDGE,))
 Defendants.))
 _____)

Civil Action No. 1:12 CV 483
GBL/TRJ

COMPLAINT

Plaintiff, the United States Securities and Exchange Commission ("Commission"), alleges as follows against defendants Darlene Nelson Powell and Robert Eldridge (collectively, the "defendants"):

SUMMARY

1. This case involves fraud in the investor seminar industry. Defendants Darlene Nelson Powell and Robert Eldridge sold products and services such as instruction, DVDs and personal mentoring to investors who wanted to learn how to trade options and other securities. The defendants made sales presentations at live workshops and workshops that were broadcast or made available throughout the United States.

2. To sell the how-to-trade-securities products and services, on certain occasions Powell misleadingly portrayed herself as an expert securities investor who made her living trading securities. Contrary to Powell's representation that she became wealthy trading securities, her income came primarily from sales commissions she earned by selling securities trading products and services and by performing other services for the company. Based on Powell's misrepresentations, investors purchased products and services that she sold and traded securities.

3. Eldridge put on a live online securities trading mentoring program under the name "Daily Cash Flow Trading Lab." He made misleading statements that he was an experienced, successful securities trader and made additional misleading statements about the success of securities trading in the Daily Cash Flow Trading Lab. Based on Eldridge's misrepresentations, customers purchased subscriptions to the Daily Cash Flow Trading Lab and traded securities that he recommended.

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)]; impose civil penalties on the defendants pursuant to Exchange Act Section 21(d)(3) [15 U.S.C. §78u(d)(3)]; order defendant Powell to pay disgorgement; and enjoin the defendants from receiving, directly or indirectly, any form of compensation for their participation in the development, presentation, promotion, marketing, or sale of any Securities Investing Seminar, as defined below.

JURISDICTION

5. This Court has jurisdiction over this action under Sections 21(d), 21e, 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. Defendants, directly or indirectly, 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, or courses of businesses alleged herein, certain of which occurred in the Eastern District of Virginia. The defendants appeared in television infomercials aired in the Eastern District of Virginia, and their promotional materials, including webinars, were made available to prospective customers in the Eastern District of Virginia.

7. Venue is proper in this district pursuant to Section 27 of the Exchange Act [15 U.S.C. §78aa].

DEFENDANTS

8. Darlene Nelson Powell, age 53, is a resident of Arizona.

9. Robert Eldridge, age 70, is a resident of Fallon, Nevada.

FACTS

10. From at least 2007 through at least March of 2008, the defendants were independent contractors for Long Term-Short Term Inc., d/b/a BetterTrades, and sold products across the country related to securities trading, including live and recorded classes on options trading.

11. Beginning at least by March 2007 and continuing through at least March 2008, Powell falsely represented to prospective students in some promotional classes that she was a

highly successful securities trader using the strategies taught by BetterTrades. Powell represented that she “went from homeless and broke to a multi-millionaire in the stock market”. She told students that “I do earn my living in the market” and did not have to teach, saying she had “given up as much as \$60,000 a day in trades to be able to get on a plane and come and teach you”.

12. Powell’s self-portrayal as a successful securities trader misled investors into believing that they too would make extraordinary profits trading securities if they purchased the instructional courses and other products she sold and followed the securities trading strategies she espoused.

13. Contrary to Powell’s representation that she became wealthy trading securities, she was not a successful securities trader. Powell knew that her income came primarily from selling BetterTrades products and services and by performing other services for the company.

14. At times Powell discussed specific potential securities trades with investors and opined as to whether they were advisable trades. Powell knew that at times investors placed these securities trades.

15. Defendant Eldridge appeared on television infomercials from 2007 through at least November 2008, portraying himself as an experienced securities trader who had traded “every single day” for the past 15 years. He invited people to subscribe to his “live online mentorship program” to trade securities along with him. He said that customers would “see what I’m buying” and “how I’m applying the simple BetterTrades system to profit from the market day in and day out.” Eldridge knew that his statements were false and misleading. Eldridge was not buying stocks, and not profiting by trading. The “trading” he referred to was “paper

trading.” Paper trading is a way to practice securities trading by simulating trading. In paper trading, would-be traders mimic securities trading without investing funds or incurring risk.

16. Eldridge sometimes called the securities trading lab the “Daily Cash Flow Trading Lab”. During the Daily Cash Flow Trading Lab, students logged on through their computers and heard audio of Eldridge’s voice while seeing various computer screens. Eldridge walked customers through possible securities trades as he used a paper trading computer platform that simulated trading. Eldridge knew that some customers placed actual funded securities trades on the trades he recommended.

17. Eldridge sometimes indicated to customers that he also made the funded securities trades using the same strategies. On at least one occasion he said that he made money trading, and “a little bit of residual income from the lab here.” Eldridge knew that this statement was false. His primary income was from putting on the Trading Lab. He did not make money trading securities during the time he put on the Daily Cash Flow Trading Lab.

18. Eldridge also made misleading statements to prospective customers about the success of trades in the Daily Cash Flow Trading Lab. Eldridge knew or was reckless in not knowing that these statements were misleading. The alleged success of securities trading in the Daily Cash Flow Lab was material to prospective investors.

19. Whether a securities trading instructor or mentor was a profitable securities trader was material to prospective investors.

FIRST CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act and Rule 10b-5

20. The Commission realleges and incorporates by reference paragraphs 1 through 19, above.

21. By engaging in the conduct set forth above, defendants, directly or indirectly, individually and together, by use of means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national security exchange, with scienter: (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; or (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon other persons, in connection with the purchase or sale of securities.

22. By reason of the foregoing, defendants 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] and unless restrained and enjoined will continue to violate Section 10(b) of the Exchange Act and Rule 10b-5.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I.

Permanently restrain and enjoin defendants, their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating Section 10(b) of

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

II.

Enjoin, for a period of five years, the defendants, their agents, servants, employees, attorneys, assigns and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from receiving, directly or indirectly, any form of compensation for acts or conduct during those five years in the development, presentation, promotion, marketing, or sale of any Securities Investing Seminar. “Securities Investing Seminar” means classes, workshops, or seminars (and products or services that are offered adjunct thereto) given to actual or prospective securities investors concerning securities trading and designed to influence their securities trading.

III.

Order that defendants pay civil money penalties pursuant to Exchange act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)];

IV.

Order defendant Powell to disgorge ill-gotten gains in connection with the actions alleged herein, and to pay prejudgment interest thereon.

V.

Grant such other relief as the Court may deem just and proper; and

VI.

Retain jurisdiction over this action to enforce any Orders or Final Judgments issued by

this Court.

Dated: April 30, 2012

Respectfully submitted,



Moira T. Roberts (Virginia Bar No. 35651)
Gerald W. Hodgkins
Jennifer S. Byrne
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U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549
202-551-4714

JS 44 (Rev. 09/11)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

<p>I. (a) PLAINTIFFS United States Securities and Exchange Commission</p> <p>(b) County of Residence of First Listed Plaintiff _____ <i>(EXCEPT IN U.S. PLAINTIFF CASES)</i></p> <p>(c) Attorneys (Firm Name, Address and Telephone Number) Moira T. Roberts (Va. Bar 35651) and Jennifer S. Byrne, U.S. Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549, 202-551-4714</p>	<p>DEFENDANTS Darlene Nelson Powell and Robert Eldridge</p> <p>County of Residence of First Listed Defendant <u>Maricopa County, Arizona</u> <i>(IN U.S. PLAINTIFF CASES ONLY)</i></p> <p>NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.</p> <p>Attorneys (If Known) David Krakoff, Esq. BuckleySandler LLP</p>
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<p>II. BASIS OF JURISDICTION <i>(Place an "X" in One Box Only)</i></p> <p><input checked="" type="checkbox"/> 1 U.S. Government Plaintiff</p> <p><input type="checkbox"/> 2 U.S. Government Defendant</p> <p><input type="checkbox"/> 3 Federal Question <i>(U.S. Government Not a Party)</i></p> <p><input type="checkbox"/> 4 Diversity <i>(Indicate Citizenship of Parties in Item III)</i></p>	<p>III. CITIZENSHIP OF PRINCIPAL PARTIES <i>(Place an "X" in One Box for Plaintiff and One Box for Defendant)</i></p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> <td style="width:33%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> </tr> <tr> <td>Citizen of This State</td> <td style="text-align: center;"><input type="checkbox"/> 1</td> <td style="text-align: center;"><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business In This State</td> <td style="text-align: center;"><input type="checkbox"/> 4</td> <td style="text-align: center;"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td style="text-align: center;"><input type="checkbox"/> 2</td> <td style="text-align: center;"><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business In Another State</td> <td style="text-align: center;"><input type="checkbox"/> 5</td> <td style="text-align: center;"><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td style="text-align: center;"><input type="checkbox"/> 3</td> <td style="text-align: center;"><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td style="text-align: center;"><input type="checkbox"/> 6</td> <td style="text-align: center;"><input type="checkbox"/> 6</td> </tr> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
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IV. NATURE OF SUIT *(Place an "X" in One Box Only)*

<p>CONTRACT</p> <p><input type="checkbox"/> 110 Insurance</p> <p><input type="checkbox"/> 120 Marine</p> <p><input type="checkbox"/> 130 Miller Act</p> <p><input type="checkbox"/> 140 Negotiable Instrument</p> <p><input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment</p> <p><input type="checkbox"/> 151 Medicare Act</p> <p><input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans)</p> <p><input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits</p> <p><input type="checkbox"/> 160 Stockholders' Suits</p> <p><input type="checkbox"/> 190 Other Contract</p> <p><input type="checkbox"/> 195 Contract Product Liability</p> <p><input type="checkbox"/> 196 Franchise</p>	<p>PERSONAL INJURY</p> <p><input type="checkbox"/> 310 Airplane</p> <p><input type="checkbox"/> 315 Airplane Product Liability</p> <p><input type="checkbox"/> 320 Assault, Libel & Slander</p> <p><input type="checkbox"/> 330 Federal Employers' Liability</p> <p><input type="checkbox"/> 340 Marine</p> <p><input type="checkbox"/> 345 Marine Product Liability</p> <p><input type="checkbox"/> 350 Motor Vehicle</p> <p><input type="checkbox"/> 355 Motor Vehicle Product Liability</p> <p><input type="checkbox"/> 360 Other Personal Injury</p> <p><input type="checkbox"/> 362 Personal Injury - Med. Malpractice</p>	<p>PERSONAL INJURY</p> <p><input type="checkbox"/> 365 Personal Injury - Product Liability</p> <p><input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability</p> <p><input type="checkbox"/> 368 Asbestos Personal Injury Product Liability</p> <p>PERSONAL PROPERTY</p> <p><input type="checkbox"/> 370 Other Fraud</p> <p><input type="checkbox"/> 371 Truth in Lending</p> <p><input type="checkbox"/> 380 Other Personal Property Damage</p> <p><input type="checkbox"/> 385 Property Damage Product Liability</p>	<p>TORTS/REPLEVIN</p> <p><input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881</p> <p><input type="checkbox"/> 690 Other</p> <p>LABOR</p> <p><input type="checkbox"/> 710 Fair Labor Standards Act</p> <p><input type="checkbox"/> 720 Labor/Mgmt. Relations</p> <p><input type="checkbox"/> 740 Railway Labor Act</p> <p><input type="checkbox"/> 751 Family and Medical Leave Act</p> <p><input type="checkbox"/> 790 Other Labor Litigation</p> <p><input type="checkbox"/> 791 Empl. Ret. Inc. Security Act</p> <p>IMMIGRATION</p> <p><input type="checkbox"/> 462 Naturalization Application</p> <p><input type="checkbox"/> 463 Habeas Corpus - Alien Detainee (Prisoner Petition)</p> <p><input type="checkbox"/> 465 Other Immigration Actions</p>	<p>BANKRUPTCY</p> <p><input type="checkbox"/> 422 Appeal 28 USC 158</p> <p><input type="checkbox"/> 423 Withdrawal 28 USC 137</p> <p>PROPERTY RIGHTS</p> <p><input type="checkbox"/> 820 Copyrights</p> <p><input type="checkbox"/> 830 Patent</p> <p><input type="checkbox"/> 840 Trademark</p> <p>PROPERTY RIGHTS</p> <p><input type="checkbox"/> 861 HIA (1395ff)</p> <p><input type="checkbox"/> 862 Black Lung (923)</p> <p><input type="checkbox"/> 863 DIWC/DIWW (405(g))</p> <p><input type="checkbox"/> 864 SSID Title XVI</p> <p><input type="checkbox"/> 865 RSI (405(g))</p> <p>PROPERTY RIGHTS</p> <p><input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)</p> <p><input type="checkbox"/> 871 IRS—Third Party 26 USC 7609</p>	<p>OTHER STATUTES</p> <p><input type="checkbox"/> 375 False Claims Act</p> <p><input type="checkbox"/> 400 State Reapportionment</p> <p><input type="checkbox"/> 410 Antitrust</p> <p><input type="checkbox"/> 430 Banks and Banking</p> <p><input type="checkbox"/> 450 Commerce</p> <p><input type="checkbox"/> 460 Deportation</p> <p><input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations</p> <p><input type="checkbox"/> 480 Consumer Credit</p> <p><input type="checkbox"/> 490 Cable/Sat TV</p> <p><input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange</p> <p><input type="checkbox"/> 890 Other Statutory Actions</p> <p><input type="checkbox"/> 891 Agricultural Acts</p> <p><input type="checkbox"/> 893 Environmental Matters</p> <p><input type="checkbox"/> 895 Freedom of Information Act</p> <p><input type="checkbox"/> 896 Arbitration</p> <p><input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision</p> <p><input type="checkbox"/> 950 Constitutionality of State Statutes</p>
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V. ORIGIN *(Place an "X" in One Box Only)*

1 Original Proceeding

2 Removed from State Court

3 Remanded from Appellate Court

4 Reinstated or Reopened

5 Transferred from another district *(specify)*

6 Multidistrict Litigation

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing *(Do not cite jurisdictional statutes unless diversity):*
Section 10(b) of the Securities Exchange Act of 1934

Brief description of cause:
Securities fraud occurring, among other places, in the Eastern District of Virginia

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$ _____

CHECK YES only if demanded in complaint:
JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY *(See instructions):*

JUDGE Lee DOCKET NUMBER 1:11-cv-1127 (E.D.Va.)

DATE 04/30/2012 SIGNATURE OF ATTORNEY OF RECORD 

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____