

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

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CASE NO. 6:09-CV-1419-ORL-COURT

MIDDLE DISTRICT OF FL
2862K

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

DARREL WEST, and
OWN MY TRAVEL, LLC,

Defendants,

PROFESSIONALLY ASSISTED MARKETING, INC.,

Relief Defendant.

_____ /

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission alleges:

I. INTRODUCTION

1. The Commission brings this action against Darrel West and his company, Own My Travel, LLC (“OMT”), for duping investors through a fraudulent pyramid scheme. West and OMT offered securities in the form of investment contracts in violation of the registration and antifraud provisions of the federal securities laws.

2. From at least March 2007 through January 2008 (“the Relevant Period”), West and OMT raised more than \$6 million from thousands of investors nationwide by offering and selling unregistered securities in the form of “Passport” memberships in a travel club that purportedly offered discount travel.

3. The Defendants misrepresented OMT as a legitimate multi-level marketing company when OMT was actually a fraudulent pyramid scheme destined to collapse, leaving the investors with substantial losses.

4. While offering and selling OMT's securities during the Relevant Period, West, and, under his direction, OMT, knowingly and willfully misled investors about OMT's business structure and how it generated revenue, the future commissions investors would purportedly receive on a monthly basis, the risks associated with the OMT investment, and West's failures running a similar predecessor company.

5. Through their conduct, the Defendants each violated Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a); and Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5. Unless restrained and enjoined, West and OMT are reasonably likely to engage in future violations of the federal securities laws.

II. DEFENDANTS AND RELIEF DEFENDANT

A. Defendants

6. West, 66, resides in Orlando, Florida. West founded OMT, was a co-owner of the company, served as its CEO, and directed OMT's activities in offering and selling its securities until OMT collapsed in January 2008. West had signing privileges on OMT's bank accounts, and signed commission checks for OMT. West's relationship and position with OMT meant he was intimately familiar with its structure, operations, and bank accounts.

7. OMT is a limited liability company organized in Nevada in March 2007, with its principal office in Orlando, Florida. OMT has never been registered with the Commission in any

capacity and has not registered any offering of securities under the Securities Act or any class of securities under the Exchange Act.

B. Relief Defendant

8. Professionally Assisted Marketing, Inc. (“PAM”) is a Florida corporation formed in May 2007, with its principal office in Orlando, Florida, where it shared a business address and was affiliated with OMT. West owned and controlled OMT while also co-owning and controlling PAM. PAM also represented to investors that OMT was its agent.

9. PAM purportedly provided telemarketing services to OMT and its investors, and the Defendants pitched PAM as a service that would recruit new investors on behalf of existing investors.

10. In its offering materials, OMT represented an investor’s contribution as a single sum that included proceeds to OMT and to PAM. OMT pitched this single investment as the amount required for investors to earn the returns it touted in its offering materials.

11. Investors often paid this single amount directly to OMT, and at least one investor wired funds to OMT that was deposited directly into PAM’s account.

12. PAM received at least tens of thousands of dollars from OMT investors.

III. JURISDICTION AND VENUE

13. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d) and 77v(a); and Sections 21(d), 21(e) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e) and 78aa.

14. The Court has personal jurisdiction over the Defendants and venue is proper in the Middle District of Florida because many of the Defendants’ acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Middle District of Florida.

15. Furthermore, West resides in the Middle District of Florida, and OMT and PAM had their principal offices in the Middle District of Florida during the Relevant Period.

16. West and OMT, directly and indirectly, singly or in concert with others, have made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, practices, and courses of business set forth in this Complaint.

IV. THE DEFENDANTS' FRAUDULENT AND UNREGISTERED OFFERING AND SALE OF SECURITIES

A. OMT's Unregistered Offering

17. From at least March 2007 through January 2008, West and OMT offered and sold unregistered securities in the form of purported memberships in a pyramid scheme, raising at least \$6 million from investors nationwide.

18. The Defendants represented OMT as a multi-level marketing company that sold what it called "Passport memberships" in a discount travel club.

19. No registration statement has been filed or has been in effect with the Commission in connection with the securities the Defendants offered and sold.

20. West and OMT solicited investors through OMT's publicly available internet website, sales presentations held in Orlando and Puerto Rico, and in telephone sales calls in which West and other OMT representatives spoke with investors.

21. OMT claimed that by purchasing Passport memberships, investors gained access to a top internet travel agency, Global Vacation Escapes, LLC ("Global Vacation"), that was "in the know about special rates" and would beat the travel prices of major internet travel search engines.

22. Through statements to investors and in OMT's marketing materials, the Defendants represented that investors could earn substantial returns just by purchasing Passport Memberships. OMT's marketing materials stated investors could earn a fixed 253% return by simply by investing. For example, OMT's marketing materials explained that by purchasing 10 memberships for a total of \$7,000, investors would earn \$1,480 per month, or \$17,760 per year.

23. According to OMT's website and sales pitches, investors earned returns through becoming "qualifying members" by purchasing at least five Passport memberships, or convincing others to buy them. Each qualifying investor obtained a share of a \$90 commission stream for each new \$700 membership the Defendants sold, with OMT dividing and distributing the commission stream equally among qualifying members. OMT claimed it also distributed \$50 of each \$199 annual renewal through the commission streams in the same manner.

24. OMT encouraged investors to qualify for additional commission streams by purchasing even more Passport memberships. In offering materials, on OMT's website, and in statements to investors, the Defendants told investors they would be entitled to share in the second, third, and fourth commission streams by purchasing 20, 50, or 105 memberships, respectively, or by persuading others to buy the additional memberships.

25. The Defendants maintained that once investors qualified for the commission streams, they would continue to receive fixed monthly income as long as they paid their annual renewal fees. For example, OMT stated on its website "[o]nce you are qualified for our profits streams you are always qualified."

26. Thus, the Defendants represented that investors could receive an uninterrupted profit from their OMT investments by simply investing in five Passport memberships and paying

an annual renewal fee. According to the Defendants' representations, investors did not have to sell *any* memberships or travel services to receive ongoing shares of OMT's profit streams.

27. In telephone calls, presentations, and offering materials, including OMT's website, the Defendants also told investors that in addition to the profit streams, investors would earn additional returns from their OMT investment by building "downlines" through recruiting new members. The Defendants stated OMT would pay current investors \$10 to \$55 for each new investor they recruited and \$10 to \$30 for each new member their recruits enlisted, paying each investor for up to seven levels beyond his or her original investment. OMT's marketing materials indicated a member could receive up to \$2.4 million from these commissions alone.

28. Recruiting new members required little or no effort by investors because OMT handled virtually all of the work. OMT established new accounts, collected payments, maintained sales records, and computed and distributed commissions. Investors did not need to complete any paperwork, close any sales, or collect any money. On its website, OMT explained its investors had "an outstanding income opportunity by basically just telling others about it."

29. Investors could earn greater profits by generating additional membership credits through paying for PAM to recruit new members for them. OMT's marketing materials described PAM as a "telemarketing service that our company has at your disposal . . . to assist you in looking for prospects."

30. For a price of \$500 for each new "member," PAM's telemarketers would recruit new members for investors, requiring no effort or involvement other than investors' payments. OMT told investors to "[l]et PAM do the work," and promised that within thirty to sixty days PAM would recruit new members on their behalf. Multiple OMT investors paid this fee for PAM to recruit members on their behalf.

B. Misrepresentations and Omissions

31. In connection with the unregistered securities offerings and during the Relevant Period, West and OMT knowingly or extremely recklessly made numerous material misrepresentations and omissions regarding the nature of OMT's business model and operations, the risks and earnings associated with investing in OMT's securities, and West's business experience.

1. Misrepresentations and Omission Regarding the Defendants' Pyramid Scheme

32. OMT was a fraudulent pyramid scheme that depended on recruiting new investors to function, and which, by definition, was going to fail and leave investors with substantial losses. There were a finite number of prospective investors who could have chosen to invest, and when there were no more, OMT had to collapse. Neither West nor OMT disclosed this material risk to investors.

33. The travel club merely masked what OMT was really selling: securities in the form of the Passport membership investment contracts to receive income from simply investing.

34. OMT's travel club benefits were of negligible value. At least one investor found Global Vacation's travel prices higher than its competitors, and Global Vacation refused to beat the price when the investor brought it to the company's attention.

35. During the Relevant Period, OMT misled investors by claiming to be a legitimate multi-level marketing company. For example, on or around January 1, 2008, OMT stated on its website that payments to investors were "based on sales of a legitimate product" and "money is not paid on recruitment." West and OMT knew or were extremely reckless in not knowing this was not true, because of West's role as the founder, co-owner, CEO, and bank account signatory for OMT.

36. Similarly, West and OMT misrepresented the financial soundness of the company to investors. For example, when in October 2007 an investor complained to West that his commission checks had bounced due to insufficient funds, West told him the company was doing well financially. West stated this despite knowing or being extremely reckless in not knowing that as a fraudulent pyramid scheme OMT primarily derived its revenue from the recruitment of new investors, and was destined to run out of money because there were only a finite number of investors who could choose to invest.

37. Subsequently, West continued misrepresenting the health of the company, stating on OMT's website:

While it is the slow season for the marketing industry . . . I see us moving forward toward a very bright future. Make no mistake, the future will be bright!

2. Misrepresentations Regarding Fixed Monthly Income

38. Throughout the Relevant Period, the Defendants made material misstatements and omissions to investors concerning OMT's commission streams and its ability to continue making fixed monthly payments. For example, OMT told investors they would always be entitled to their portion of the profit streams, and would receive commission checks for life, as long they renewed their annual memberships.

39. West and OMT also made misrepresentations regarding the specific monthly amounts investors would receive from their investment. In August 2007, West personally told an investor that in return for his \$30,800 investment, he would receive regular monthly payments of \$5,920. This investor received four commission checks totaling \$4,400, and two of the four checks bounced because OMT had insufficient funds.

40. West and OMT knew or were extremely reckless in not knowing that OMT could not, as they claimed, pay a specific monthly amount for an indefinite period, because OMT's primary, if not exclusive, source of income was the recruitment of new members.

41. In promising specific monthly payments for an indefinite period of time, the Defendants also failed to disclose that each new investor who qualified for the commission streams unavoidably diluted existing investors' returns because they all shared the same streams.

3. Misrepresentations of the Risk of Investing in OMT

42. During the Relevant Period, the Defendants made material misstatements to investors regarding the risks associated with the OMT investment. OMT's marketing materials assured prospective investors there was "No RISK!" OMT representatives gave investors brochures claiming the investment was "Truly Risk Free." Additionally, West recruited at least one investor by telling him his investment would be safe because the company offered a money-back guarantee. None of these statements were true.

43. As West and OMT knew or were extremely reckless in not knowing, because OMT was a fraudulent pyramid scheme depending almost completely on new investors to fund its operations, it was destined to run out of money.

4. Misrepresentations and Omissions Regarding West's Prior Business Experience

44. The Defendants touted OMT's founders as "a group of like-minded successful professionals" and lured investors with promises of fixed monthly income without disclosing that West had previously attempted a similar pyramid scheme called Winners' Circle, Inc. which ended in bankruptcy after two years.

45. Winners' Circle investors were entitled to participate in the company's Marketing Assistance Program (called "MAP"), virtually identical to the PAM program the Defendants used with OMT.

46. West and OMT also failed to disclose to investors that the Florida Attorney General's Office filed a complaint against West, Winners' Circle, and others, alleging they were operating a pyramid scheme in violation of Florida law.

V. CLAIMS FOR RELIEF

COUNT I

SALE OF UNREGISTERED SECURITIES IN VIOLATION OF SECTIONS 5(a) AND 5(c) OF THE SECURITIES ACT

47. The Commission repeats and realleges paragraphs 1-7 and 13-30 of this Complaint.

48. From at least March 2007 through January 2008, the Defendants directly and indirectly: (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise; (b) carried securities or caused such securities to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or (c) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise.

49. No valid registration statement was filed or in effect with the Commission pursuant to the Securities Act, nor did any exemption from the registration requirement exist with respect to the securities and transactions described in this Complaint.

50. By reason of the foregoing, the Defendants directly and indirectly violated, and unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

COUNT II

**FRAUD IN VIOLATION OF
SECTION 17(a)(1) OF THE SECURITIES ACT**

51. The Commission repeats and realleges paragraphs 1-46 of this Complaint.

52. From at least March 2007 through January 2008, the Defendants directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

53. By reason of the foregoing, the Defendants directly and indirectly, violated and unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT III

**FRAUD IN VIOLATION OF SECTIONS
17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT**

54. The Commission repeats and realleges paragraphs 1-46 of this Complaint.

55. From at least March 2007 through January 2008, the Defendants, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by the use of the mails, in the offer or sale of securities: (a) obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (b) engaged in transactions, practices and courses of business which

operated and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities.

56. By reason of the foregoing, the Defendants, directly and indirectly, violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(2) and 77q(a)(3).

COUNT IV

FRAUD IN VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 THEREUNDER

57. The Commission repeats and realleges paragraphs 1-46 of this Complaint.

58. From at least March 2007 through January 2008, the Defendants directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities as described in this Complaint, knowingly, willfully or recklessly: 1) employed devices, schemes or artifices to defraud; 2) made untrue statements of material facts and 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; or 3) engaged in acts, practices and courses of business which operated as a fraud upon the purchasers of such securities and will operate as a fraud upon the purchasers of such securities.

59. By reason of the foregoing, the Defendants directly or indirectly violated, and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

V. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine and find that the Defendants committed the violations of the federal securities laws alleged herein.

II.

Permanent Injunction

Issue a Permanent Injunction restraining and enjoining the Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 5(a), 5(c), and 17(a) of the Securities Act, and Section 10(b) and Rule 10b-5 of the Exchange Act, as indicated above.

III.

Disgorgement

Issue an Order directing the Defendants and the Relief Defendant to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

IV.

Sworn Accountings

Issue an Order requiring the Defendants and Relief Defendant to each file a sworn written accounting with this Court.

V.

Penalties

Issue an Order directing each defendant to pay a civil money penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d) and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

VI.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

VII.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application of motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

August 13, 2009

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