

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
FT. MEYERS DIVISION**

)
RODNEY DURHAM on behalf of himself)
and all others similarly situated,)
)
Plaintiff,)
)
v.)
)
WHITNEY INFORMATION NETWORK INC.,)
RUSSELL A. WHITNEY and NICHOLAS S.)
MATURO)
Defendants.)
)

Plaintiff makes the following allegations, except as to allegations specifically pertaining to plaintiff and plaintiff's counsel, based upon the investigation undertaken by plaintiff's counsel, which investigation included analysis of publicly-available news articles and reports, public filings, press releases and other matters of public record.

NATURE OF THE ACTION

1) This is a class action on behalf of all purchasers of the common stock of Whitney Incorporated ("Whitney " or the "Company") between November 18, 2003, and December 15, 2006 inclusive, (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2) Throughout the Class Period, defendants issued highly positive statements regarding the success and prospects of Whitney, a post secondary education company which offers financial and real estate investing courses. In particular, defendants regularly emphasized the success and increasing student enrollment resulting from the Company's marketing efforts. In response to what appeared to be quarter after quarter of seemingly unstoppable growth, including numerous acquisitions of related companies, the stock reached over \$11 per share.

Capitalizing on the rapid increase in the Company's stock price, defendants finalized a private placement in December 2005 in which *defendant Whitney sold 1.25 million of his own Whitney securities for over \$5.6 million.*

3) Between November 21, 2006 and December 15, 2006, the truth concerning the Company and its fraudulent business practices came to light. On November 21, 2006, defendants revealed that the SEC had begun an investigation into the Company, specifically, to determine whether the Company has violated any securities laws in connection with (i) the efficacy or trading success of the Company's stock market education programs, and, (ii) the Company's acquisition of certain other companies. Then, on December 15, 2006, defendants revealed that the U.S. Attorney for the Eastern District of Virginia has launched a grand jury investigation into the marketing activities of the company, stretching back to 2002 . A few days later, it was announced that defendant Maturo as well as Whitney's Vice President of sales had been fired. In response to the news, Whitney stock plunged from \$8.20 per share to less than \$4 per share on December 18, 2006, on unusually heavy trading volumes.

JURISDICTION AND VENUE

4) This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§1331, 1337 and 1367 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

5) This action arises under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5).

6) Venue is proper in this District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b) and (c). Substantial acts in furtherance of the alleged

fraud and/or its effects have occurred within this District and Whitney maintains its corporate headquarters in this District at 1612 Cape Coral Parkway, Suite A Cape Coral, FL 33904.

7) In connection with the acts and omissions alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

8) Plaintiff purchased Whitney stock during the Class Period, and was damaged thereby.

9) Defendant Whitney, by its own description:

Whitney Information Network, Inc. provides post-secondary education and training courses in the United States, Canada, and the United Kingdom. Its courses provide instruction in real estate investing, business strategies, stock market investment techniques, cash management, asset protection, and other financially-oriented subjects. The company also develops and sells educational resource materials, as well as offers various software products for the real estate and small business industries, and the stock trading industry. It has a joint venture agreement with Rich Dad Company. Whitney Information Network was founded in 1992. It was formerly known as WIN Systems International, Inc. and changed its name to Whitney Information Network, Inc. in 1999.

10) The individual defendants, at all times relevant to this action, served in the capacities listed below and received substantial compensation:

<u>Name</u>	<u>Position</u>
RUSSELL WHITNEY	Chairman and CEO
NICHOLAS S. MATURO	President and COO

11) The Individual Defendants, as senior officers and/or directors of Whitney were controlling persons of the Company. Each exercised their power and influence to cause Whitney to engage in the fraudulent practices complained of herein.

12) Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Whitney common stock, by disseminating materially false and misleading statements and/or concealing material adverse facts.

MOTIVE, OPPORTUNITY AND KNOWLEDGE

13) Because of their Board memberships and/or executive and managerial positions with Whitney, each of the Individual Defendants had access to the adverse non-public information about the business, finances, markets and present and future business prospects of Whitney particularized herein via access to internal corporate documents, conversations or connections with corporate officers or employees, attendance at management and/or Board of Directors' meetings and committees thereof and/or via reports and other information provided to them in connection therewith.

14) Defendants had a duty to promptly disseminate accurate and truthful information with respect to Whitney's operations and financial condition or to cause and direct that such information be disseminated and to promptly correct any previously disseminated information that was misleading to the market. As a result of their failure to do so, the price of Whitney securities was artificially inflated during the Class Period, damaging plaintiff and the Class.

15) The Individual Defendants, because of their positions with Whitney, controlled the contents of quarterly and annual reports, press releases and presentations to securities analysts. Each Individual Defendant was provided with copies of the reports and press releases

alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them but not the public, each of these defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations which were being made were then false and misleading. As a result, each of the Individual Defendants is responsible for the accuracy of Whitney's corporate releases detailed herein as "group-published" information and is therefore responsible and liable for the representations contained therein.

16) Each of the defendants is liable as a primary violator in making false and misleading statements, and for participating in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Whitney stock during the Class Period. All of the defendants had motives to pursue a fraudulent scheme in furtherance of their common goal, *i.e.*, inflating the reported profits of Whitney and the trading price of Whitney stock by making false and misleading statements and concealing material adverse information. The fraudulent scheme and course of business was designed to and did: (i) deceive the investing public, including plaintiffs and other Class members; (ii) artificially inflate the price of Whitney stock during the Class Period; (iii) cause plaintiff and other members of the Class to purchase Whitney stock at inflated prices; (iv) allow Whitney insiders to sell their own shares of Whitney stock at artificially inflated prices while privy to material, adverse knowledge regarding the Company's soon to be reported financial status and (v) conceal and cover-up the true financial condition of Whitney.

CLASS ACTION ALLEGATIONS

17) Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all persons who purchased or otherwise acquired Whitney common stock between November 18, 2003 and December 15, 2006, inclusive (the "Class Period"), and who were damaged thereby. Excluded from the Class are defendants, members of the immediate family of each of the Individual Defendants, any subsidiary or affiliate of Whitney and the directors, officers and employees of Whitney or its subsidiaries or affiliates, or any entity in which any excluded person has a controlling interest, and the legal representatives, heirs, successors and assigns of any excluded person.

18) The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are thousands of members of the Class located throughout the United States.

19) Throughout the Class Period, Whitney common stock was actively traded on the OTC Bulletin Board (an open and efficient market) under the symbol "RUSS:OB". Record owners and other members of the Class may be identified from records maintained by Whitney and/or its transfer agents and may be notified of the pendency of this action by mail, using a form of notice similar to that customarily used in securities class actions.

20) Plaintiff's claims are typical of the claims of the other members of the Class as all members of the Class were similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

21) Plaintiff will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation.

22) Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

a) whether the federal securities laws were violated by defendants' acts and omissions as alleged herein;

b) whether defendants participated in and pursued the common course of conduct complained of herein;

c) whether documents, press releases, and other statements disseminated to the investing public and the Company's shareholders during the Class Period misrepresented material facts about the business, finances, financial condition and prospects of Whitney ;

d) whether statements made by defendants to the investing public during the Class Period misrepresented and/or omitted to disclose material facts about the business, finances, value, performance and prospects of Parlux;

e) whether the market price of Whitney common stock during the Class Period was artificially inflated due to the material misrepresentations and failures to correct the material misrepresentations complained of herein; and

f) the extent to which the members of the Class have sustained damages and the proper measure of damages.

23) A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually

redress the wrongs done to them. There will be no difficulty in the management of this suit as a class action.

FALSE AND MISLEADING STATEMENTS
DURING THE CLASS PERIOD

24) The Class Period begins on November 18, 2003. On that date, defendants issued a press release announcing third quarter 2003 results, which stated:

Whitney Information Network, Inc.(OTCBB:RUSS), a provider of post-secondary career training programs designed to educate students in the areas of real estate investing, business development, asset protection and financial management, reported continued increased revenue for the third quarter 2003 and nine months ended September 30, 2003.

Revenue for the nine months ended September 30, 2003 was \$54,292,606, an increase of \$7,429,251 or 15.9 % compared to \$46,863,355 in the same period in 2002. Revenue for the third quarter 2003 was \$23,567,782, an increase of \$9,692,525 or 41 percent over the quarter ending September 30, 2002.

Net loss for the nine months ended September 30, 2003 was \$6,528,381 as compared with a net income of \$6,807,151 for the nine months ending September 30, 2002. Net loss for the third quarter was \$1,567,738. Cash increased by \$3,749,696 to \$15,830,249 at September 30, 2003.

Revenue increased as more courses were attended by students in the current period compared to the previous period. The net loss is primarily attributable to the amount of new revenue in 2003 that the Company was not able to recognize and is shown on the balance sheet as deferred revenue. The amount of deferred revenue at September 30, 2003 was \$44,807,919. Deferred revenue represents cash that has been received by the Company from students for courses they have yet to attend. Also contributing to the loss were increased overhead and advertising expenses. CEO and Chairman Russ Whitney said "We believe that the first three quarters of 2003 are a continuing trend and expect revenue growth to remain at these levels. The approximate \$20 million increase in deferred revenue so far in 2003 will ultimately become revenue in the subsequent year, as students attend the trainings."

"I'm pleased with the accomplishments of the Company during the past nine months," Whitney said. "We have a large cash reserve, have made a \$2 million equity investment in an office building in Orlando, and

managed operations for Success Development, Inc. which produced better than planned revenue. We've also acquired SpeakTek, Inc. with immediate revenue growth, and grew our stock investment training area, Teach Me To Trade."

"We believe the SpeakTek and Success Development operating units combined will generate approximately \$22 million of additional revenue during fiscal 2004. These units, coupled with the growth of our real estate and stock investment training units are expected to push our sales over the \$100 million mark next year," Whitney continued.

Whitney Information Network, Inc. is a fully integrated training and education company that creates, produces and markets a wide variety of training programs designed to educate students in the areas of real estate investing, business development, asset protection and financial management. The Company was recently listed at #148 in Florida Trends magazine's annual listing of Florida's Top 250 Public Companies. It maintains its international corporate headquarters in Cape Coral, Florida with its consulting group based in Salt Lake City, Utah. Its Canadian subsidiary, Whitney Canada, Inc., conducts its operations from Mississauga, Ontario and its United Kingdom subsidiary, Whitney UK, Ltd. is located in Chiswick, England. The Company is listed on the Internet at <http://www.russwhitney.com> and its shares trade under the ticker symbol RUSS on the Electronic Bulletin Board.

25) On November 25, 2003, defendants issued a press release announcing that it had acquired the assets of Success Development Inc. The press release stated:

CAPE CORAL, Fla.--(BUSINESS WIRE)--Nov. 25, 2003--Whitney Information Network, Inc. (OTCBB:RUSS), a provider of post-secondary career training programs, announced today that it had purchased the assets of Success Development, Inc. (SDI) including The Cash Flow Generator(TM) brand. The Cash Flow Generator is a series of real estate training courses offered on a post-secondary education basis to students throughout the United States. The purchase included SDI's database of more than 200,000 active students, the division's web site, and its customer service center in Jacksonville, FL.

The total purchase price for the assets was approximately \$1 million, comprised of 200,000 shares of Whitney's common stock.

Whitney has been managing SDI's operations since June 2003, pursuant to a management agreement. Since that time, more than 60,000 students have registered for The Cash Flow Generator trainings, generating more than

\$6.8 million in additional revenue. Whitney expects to register more than 10,000 students a month in this division in 2004.

26) On April 4, 2004, defendants issued a press release which stated:

Whitney Information Network, Inc. Reports Record Revenue for 2003

-- 2003 Performance Highlights

-- Total 2003 revenue of \$95 million, an increase of 53 percent over 2002

-- Acquired the Cash Flow Generator and STAR Trader brands

-- International operations contribute significantly to 2003 revenue

-- Significant investment in proven management and operating talent

Whitney Information Network, Inc. (OTCBB:RUSS), a provider of post-secondary career training programs, today reported record revenue for the year ended December 31, 2003.

Total revenue for the year ended December 31, 2003 was \$95 million, an increase of \$33 million or 53 percent, compared to \$62.1 million for 2002. The increase in revenue is due to continued growth of the core businesses in real estate and stock market investment training, and new revenue realized from acquisitions and strategic alliances.

The Company reported a net loss of \$1.6 million for the year ended December 31, 2003 as compared with net income of \$6.2 million for the year ended December 31, 2002, or a loss of \$.19 a share as compared to a profit of \$.78 per share for the prior year. The decrease in earnings is directly attributable to significantly increased sales and the resulting deferral of revenues associated with those sales.

Year end revenue on a cash flow basis was \$109 million compared to the \$95 million GAAP revenue. The difference of \$14 million is an increase in deferred revenue on the Company's balance sheet (from \$24.5 million to \$38.6 million), which will be recognized in 2004. Free cash flow generated by the Company was \$7.9 million in 2003, compared to \$9.7 million in the prior year. The decrease in 2003 was due to increased investments in media and additional costs in connection with the two 2003 acquisitions.

The Company's growth has created an increasingly diverse educational operation. Approximately 85 percent of revenue in 2003 was generated from US sales and 15 percent was generated from the Company's growing international business. Overall real estate programs continue to grow and totaled 75 percent of 2003 revenue, while the stock investing training programs represented approximately 25 percent of revenue.

In 2003, the Company acquired two new brands -- Cash Flow Generator, to drive growth in the real estate sector; and STAR Trader, an exciting new brand in the Company's investment training business.

Management continues to focus on the growth of the core business and acquired brands, building upon the proven talent of its management team,

and capitalizing on its business model. The Company is also investing significantly to restructure its educational delivery process. Management believes the Company is strategically positioned to further expand its business both in the US and internationally, and is seeking further acquisitions, and increasing course offerings and student enrollment.

27) On May 18, 2004, defendants issued a press release reporting first quarter revenue which stated:

- Revenue for the first quarter 2004 increased 189 % to a record \$38.5 million

- Income rises to \$207,612 from a \$1.4 million loss in the same quarter of 2003

- Cash increases 43 % to a record \$22.6 million

Whitney Information Network, Inc.(OTCBB:RUSS), a provider of post-secondary career training programs, today reported a return to profitability and record revenue for the first quarter, ended March 31, 2004.

Revenue for the first quarter 2004 was \$38.5 million, an increase of \$25.2 million or 189 % over the quarter ending March 31, 2003, which was \$13.3 million.

Income for the three months ended March 31, 2004 rose to \$207,612 as compared with a net loss of \$1.4 million for the three months ending March 31, 2003, a positive change of \$1.6 million. Net income per share was \$.02 as compared to a net loss of (\$.17) per share in the same period in 2003.

Cash available increased by \$6.8 million to \$22.6 million for the three months ending March 31, 2004 from the previous quarter.

"The first quarter 2004 business results indicate a solid start for the new year," said CEO Russ Whitney. "We are seeing a substantial increase in the numbers of student registrations across all our brands. Attendance in the first quarter is up significantly, and course expansion plans and results from acquisitions realized last year are ahead of expectations. Our new management team is producing great results, and our international expansion is ahead of the growth plan."

The first quarter 2004 revenue gain was primarily attributable to increased student attendance in the current period compared to the same period last year. The increase in reported income is directly attributable to the increased delivery of basic and advanced training courses, the realization of efficient advertising, and by containing general and administrative costs. This increase in net income recognition is a trend management expects will continue.

Deferred revenue, which is the net backlog of training courses purchased and not yet delivered, increased by \$7.9 million during the first three months of 2004, compared to an increase of \$5.9 million for the same comparable period in 2003, while sales for the three months ended March 31, 2004 increased by \$25.2 million over the same period in 2003.

About Whitney Information Network, Inc.

Whitney Information Network, Inc. is a fully integrated training and education company that creates, produces and markets a wide variety of training programs designed to educate students in the areas of real estate investing, business development, asset protection and financial management.

28) On August 18, 2004, defendants issued a press release stating:

CAPE CORAL, Fla.--(BUSINESS WIRE)--Aug. 18, 2004--Whitney Information Network, Inc. (OTCBB:RUSS), a leading provider of post-secondary education programs focused on individual wealth creation and personal success, today reported strong revenue growth for the second quarter, ended June 30, 2004.

Revenue for the second quarter 2004 was \$38.6 million, an increase of 122% over the quarter ending June 30, 2003, which was \$17.4 million. Total revenue for the six months ending June 30, 2004 was \$77.1 million, an increase of \$46.4 million or 151% over the same period in 2003.

Deferred revenue, which is the net backlog of training courses purchased and not yet delivered, increased by \$11.3 million during the first six months of 2004, compared to an increase of \$12.7 million for the same period in 2003, while sales for the six months ended June 30, 2004 increased by \$46.4 million over the same period in 2003. This positive result is due to increased education delivery through expanded capacity and course offerings in this period of significant revenue growth. Positive cash flow from business operations of \$7.5 million was realized in the first half of this year.

As a result of revenue growth and significant marketing investments in the second quarter, the net loss for the three months ended June 30, 2004 was \$4.3 million, as compared with a net loss of \$3.5 million for the three months ending June 30, 2003. Income per share was a net loss of \$.51 as compared to a net loss of \$.44 per share in the same period in 2003.

Net loss for the six months ended June 30, 2004 was \$4.1 million, as compared to a net loss of \$5 million for the same period in 2003. This positive change is directly attributable to an increase in the delivery of training courses and the containment of general and administrative costs. As part of its long-term growth plan, the company incurred \$4 million in higher direct expenses related to establishing additional advanced training facilities for students, along with increased training for instructors and

sales staff, during the three months ended June 30, 2004. In this same period, the company incurred \$2 million in additional marketing costs due to increased costs passed on by media providers, continued testing of new acquisition channels, and sustained advertising investment in media spending.

Student attendance increased 189% in the second quarter of 2004 over the same period in 2003, driving the period's impressive revenue gain. Management expects that the company will achieve continued growth in student attendance and increased delivery of advanced training courses in the third and fourth quarters with accompanying strong financial results, which includes continued positive cash flow.

"The second quarter 2004 business results demonstrate our continued commitment to growth, both in terms of course offerings and student registrations," said CEO Russ Whitney. "Students continue to register for our basic and advanced training courses at a record pace. The number of attendees for the second quarter 2004 nearly doubled from the same period in 2003. The company continues to build its management team, its expansion plans are on schedule and our strategy for maintaining and strengthening our position as a leading provider of post-secondary education is clearly on track."

29) Between October 2004, and early 2006, defendants issued numerous additional statements touting the success of the Company and its marketing efforts:

Whitney Information Network, Inc. (OTCBB:RUSS), a leading provider of post-secondary education programs focused on individual wealth creation and personal success, today announced the reorganization of its corporate structure and product offerings with the launch of Wealth Intelligence Academy, (WIA). Whitney Information Network, Inc. will remain the parent company for Wealth Intelligence Academy. Wealth Intelligence Academy will serve as the entity under which all advanced-training education-related products and services will reside. WIA will house a number of academic departments, including the Department of Investment Strategy, the Department of Real Estate Management and Investment and the Department of Entrepreneurship. Existing programs including STAR Trader(TM), Building Wealth(TM), Cash Flow Generator(TM) and Teach Me to Trade(TM) will form the curriculum of the WIA departments, with new programs and departments added as they are developed or acquired.

"From 1987, when I founded the company, through today, the company has changed dramatically," said Russ Whitney, founder of Whitney

Information Network, Inc. "Our company's incredible growth, coupled with the recognition of what drives our students' success, prompted us to evaluate our resources, business objectives and approach. We put in place a strategy to move us beyond being a real estate seminar company. We have become one of the premiere post-secondary education providers in the marketplace both here in the U.S. and abroad.

"Our education programs focus on individual success and wealth creation in the areas of real estate management and investment, public market investment strategies and general business development. With the launch of Wealth Intelligence Academy, those programs will fall into a more traditional institutional format, and be coupled with one of the most innovative professional mentorship programs available to students anywhere. This structure will create numerous and diverse learning opportunities for our students and enable increased long-term stability for our company.

"We've put together a top-notch management team to execute our business strategy and manage our evolution. We're attracting some of the best educators and brightest students in the company's history. Demand for our programs is growing around the world and opportunities to expand our offerings are surfacing daily. I am very proud of what this company has accomplished to date, as well as the great success our students are finding, and am truly excited by the opportunities that lie ahead."

Currently, with more than 38,000 paid students enrolled for basic and advanced trainings in 2004, Whitney Information Network, Inc. is one of the leading organizations in the post-secondary education space. Whitney Information Network, Inc. is tracked as a member of the Education and Training Services sector by Hoover's. Whitney's peer group, according to the Reuters Industry Index includes ITT Educational Services, Apollo Group, Career Education Corporation and Princeton Review, among others.

30) Defendants subsequently issued a press release reporting revenue growth for the third quarter of 2004:

Whitney Information Network, Inc. (OTCBB:RUSS), a leading provider of post-secondary education programs focused on individual wealth creation and personal success, today reported continued revenue growth for the third quarter, ended September 30, 2004. Revenue for the third quarter 2004 was \$32.2 million, an increase of 36% over the quarter ended September 30, 2003, which was \$23.6 million. Total revenue for the nine months ended September 30, 2004 was \$109.3 million, an increase of \$55.0 million or 101% over the same period in 2003.

In the judgment of the Company, cash flow, rather than profit or loss, is the primary indicator of its financial results. The reason for this is that revenue from student purchases of courses must be deferred until the course is taken or the student fails to take the course within the required time period. However, all of the costs associated with obtaining the course sales must be realized in the period they are incurred. Thus, the faster the Company grows its revenues, the higher its losses will be under Generally Accepted Accounting Principles, as it cannot report the sales as revenues but must report substantially all of the expenses associated with the sale as an expense. On the other hand, since the Company is entitled to recognize the cash from course sales on its balance sheet when the money is received, cash flow figures provide a more realistic indicator of the Company's performance during any given reporting period.

Deferred revenue, which is the net backlog of training courses purchased by students and not yet delivered, increased by \$16.9 million during the first nine months of 2004, compared to \$20.3 million for the same period in 2003. This was fueled by a 134% increase in student attendance in the third quarter of 2004 over the same period in 2003, and an increase in students taking classes at or near the time of purchase.

Cash flow for the three months ended September 30, 2004 was a negative \$2.1 million for the reasons mentioned below; however, cash flow for the nine months ended September 30, 2004 was a positive \$2.6 million. The Company expects continuing positive cash flow in the fourth quarter and near term as its revenue continues to increase as a result of the measures described below.

Net loss for the three months ended September 30, 2004 was \$12.0 million, as compared with a net loss of \$1.5 million for the three months ended September 30, 2003. Income per share was a net loss of \$1.40 as compared to a net loss of \$.19 per share in the same period in 2003. Net loss for the nine months ended September 30, 2004 was \$16.2 million, as compared to a net loss of \$6.5 million for the same period in 2003. Per share loss was \$1.89 for the nine months ended September 30, 2003 as compared with \$.80 for the same period in 2003.

As previously reported, a third quarter management review of operations indicated that the Company's overstaffing in anticipation of growth and underperformance in certain new marketing initiatives contributed to reductions in its cash position and the current operating loss. In addition, the Company's corporate facilities suffered substantial damage from Hurricane Charley, generating unexpected expenses related to disaster recovery and employee relocation. Management promptly addressed these issues with actions that included important expense reduction initiatives and the elimination of redundant positions throughout its workforce. Prior

to making this swift but calculated response, it was determined that these cuts would have a positive impact on the Company's operations and profitability on a going forward basis.

In a statement released on October 22, 2004, Nick Maturo, president of Whitney Information Network, said, "In streamlining the company's employment structure and reducing overlap and waste, we will immediately add to the Company's bottom line performance in the coming quarters." He also noted that the company has operated without a price increase for the past two years. "We have made some upward adjustments to our pricing structure which will bring it more in line with other providers in the market," Maturo said. "Thanks to the overwhelming demand for our training products, we expect that these changes will have a significant and favorable impact on our profit margins as we continue to deliver high quality financial education to our students."

31) On April 15, 2005, defendants issued a press release announcing results for fiscal year 2004. The press release stated:

CAPE CORAL, Fla.--(BUSINESS WIRE)--April 15, 2005--Whitney Information Network, Inc. (OTCBB:RUSS):
2004 Performance Highlights:

- Total 2004 revenue hit a record \$140 million, an increase of 47% over 2003.
- Plans to streamline operations implemented in fourth quarter proved successful.
- Designed and implemented effective programs to reduce deferred revenue.
- Expanded training opportunities by increasing the frequency and location of classroom courses and adding on-line and on-demand programs.

Whitney Information Network, Inc. (OTCBB:RUSS), a provider of post-secondary career training programs, today reported record revenue for the year ended December 31, 2004. Total revenue for the year ended December 31, 2004 was \$139.9 million, an increase of \$45 million or 47%, compared to \$95 million for 2003. The increase in revenue is due to continued growth of the core businesses in real estate and stock market investment training, and new revenue realized from strategic alliances.

The Company reported a net loss of \$29 million for the year ended December 31, 2004 as compared with a net loss of \$1.6 million for the

year ended December 31, 2003, or a loss of \$3.48 a share as compared to a loss of \$.19 per share for the prior year. Cash flow from operating activities decreased by 72 percent to \$2.2 million in 2004 from \$7.9 million in 2003.

"The Company's strong revenue growth is a clear indicator of our position as a market leader," said Russ Whitney, founder and Chief Executive Officer. "We faced some challenges in 2004 and have implemented strategies that are already producing results." In spite of continued record growth, profits have been impacted by deferred revenue, which is income received from students for training delivered in the following year. While the revenue is not booked, the related expenses must be recorded at the time they are incurred. In a growing organization as Whitney Information Network is, recognizing expenses related to deferred revenue creates a negative impact on operations results.

The Company has implemented strategies to reduce the deferred revenue by expanding traditional classroom courses as well as delivering training through innovative options that include on-line and on-demand programs. Student (customer) response to these new programs has been positive. The Company also met challenges in 2004 resulting from the record-breaking hurricane season. In August, the corporate office building sustained an estimated \$2 million in damage from Hurricane Charley and resulted in the temporary relocation of approximately 200 employees. As three more major hurricanes struck Florida in the following seven weeks, the Company responded to disrupted training and travel schedules, increased expenses, and a necessary reallocation of human and financial resources to repair the physical damage. Though the Company is adequately insured, deductibles and other related expenses were absorbed.

In October, the Company successfully implemented a reorganization plan designed to streamline its workforce, reduce expenses, and realize economies of scale throughout the organization. "The Company's improved performance is a direct result of the programs we put in place in late 2004 to accelerate the delivery of our programs and to streamline our operations," said Whitney.

The Company's continued growth and expansion have created an increasingly diverse educational operation. Approximately 86% of revenue in 2004 was generated from US sales and 14% was generated from the Company's international business. Overall real estate programs continue to grow and totaled 68% of 2004 gross revenue, while the stock investing training programs were approximately 32% of revenue.

"We have long been a market leader in post-secondary wealth-building education," said Whitney. "In spite of our rapid growth, we estimate that we have penetrated just a small percent of the potential markets for the education products we currently offer. We will continue to reach those markets as well as continue our plans to identify and penetrate new markets with additional training products."

32) On May 16, 2005, defendants issued a press release reporting first quarter 2005 financial results, which stated:

CAPE CORAL, Fla.--(BUSINESS WIRE)--May 16, 2005--Whitney Information Network, Inc. (OTCBB:RUSS), a provider of post-secondary career training programs, today reported net income of \$4.1 million for the first quarter ending March 31, 2005, or \$0.48 per share (basic) and \$0.43 (fully diluted) compared to net income of \$208,000 in the first quarter of 2004 or \$0.02 per share (basic and fully diluted). Sales revenue for the period was \$40.2 million, an increase of \$1.7 million over the comparable period in 2004.

Earnings of \$4.1 million in the first quarter were reduced by the net increase of \$6 million in deferred revenue for the quarter, which will be recognized as income in future periods.

At March 31, 2005, the Company's operating cash position increased to \$13.3 million. The Company's long term debt of \$11.7 million at March 31, 2005 pertains exclusively to its real estate holdings, property and equipment which total \$25.7 million, net, at March 31, 2005. "The significant increase in our profitability is the direct result of our concentrated focus on our core brands, coupled with an overall improvement in marketing efficiency and productivity that resulted from our business restructuring in the latter half of last year," said Russ Whitney, Company founder and CEO. "Clearly, these efforts have positioned Whitney Information Network for a sustained period of growth and profitability."

The Company's strong performance is attributed to a combination of factors, including:

- Implementation of new marketing strategies that focused on those geographic markets which historically have been the most responsive to the Company's product offerings.
- Optimization of pricing that resulted in increased attendance at the Company's 3-Day Basic Training Courses for real estate and

stock investing, as well as greater interest in advanced training curriculum.

- Increased concentration on alternative methods of delivering advanced training, including on-line education delivery.
- A comprehensive business restructuring and implementation of new cost reduction measures.

The Company expanded its implementation of online and on-demand training to students over the Internet in order to meet the increased demand for its advanced training. The success of this effort will have a continuing positive impact on the Company's revenues and earnings. Improved market-by-market execution of media investments and price point optimization resulted in attendance at the Company's 3-Day Basic Trainings more than tripling during the three month period ending March 31, 2005, reaching 17,007 students compared with 5,467 students during the same period in 2004. Increases were also realized in the number of students attending advanced trainings. This trend is expected to continue.

33) On August 11, 2005, defendants issued a press release reporting financial results for the second quarter of 2005, which stated:

CAPE CORAL, Fla.--(BUSINESS WIRE)--Aug. 11, 2005--Whitney Information Network, Inc. (OTCBB:RUSS), an international provider of post secondary career education programs, today reported record results for the second quarter ended June 30, 2005. Major achievements for the quarter include:

- Record Sales of \$46.5 Million for the quarter
- Operating Cash Flow of \$8.9 Million
- Net Income of \$3.1 Million for the quarter
- Cash and equivalents of \$16.0 Million at June 30
- Strong sales, earnings and cash flow continuing throughout 2005

Sales revenue for the second quarter showed an increase of \$7.9 million, or 20.5%, over the comparable period in 2004 while total revenue for the first six months of the year increased \$9.6 million, or 12%, over the previous year. The strong showing for the second quarter resulted in net income of \$3.1 million or \$0.36 per share (basic) and \$0.35 (fully diluted). Year-to-date net income totaled \$7.3 million or \$0.84 per share and \$0.83 per share (fully diluted). Operating cash flow was \$8.9 million for the six months or \$1.02 per share (basic) and \$0.99 per share (fully diluted). A key dynamic driving the Company's sales growth was an optimization of its pricing strategy that resulted in a 105% increase in attendance at the Company's 3-Day Basic Training Courses and an increase of 33% in

Advanced Trainings attendance as compared to the corresponding period in 2004.

Among the successful second quarter initiatives deployed by the Company was an aggressive campaign to test new marketing vehicles and messages. This effort led to significantly improved response rates for all of the Company's core brands, particularly in major markets where these brands have been well established. In the last six months the company's marketing research identified which market segments were most responsive to the Company's message, resulting in more efficient use of its advertising dollars.

As the leading provider of advanced course offerings in its market segment, the Company continued to capitalize on its unique position by expanding both the number and diversity of Advanced Trainings offered to students via alternate delivery methods. In particular, the Company cited its expansion of on-demand and real-time Advanced Training delivered over the Internet as a key factor favorably impacting the Company's bottom line.

The company's business outlook for the remainder of the year is positive and is in line with first half performance.

34) On September 15, 2005, defendants announced their intention to spin off

Whitney's wholly owned subsidiary, EduTrades, in an IPO:

CAPE CORAL, Fla.--(BUSINESS WIRE)--Sept. 15, 2005--Whitney Information Network, Inc. (OTCBB:RUSS) announced today that one of its wholly owned subsidiaries, EduTrades, Inc. ("EduTrades"), has entered into a non-binding letter of intent with an NASD licensed broker-dealer to conduct an initial public offering for EduTrades. Under the terms of the letter of intent, EduTrades will offer approximately 33% of its common stock to the public for approximately \$20 million. The remaining approximately 67% of EduTrades will be retained by Whitney Information Network, Inc. EduTrades provides course training programs covering stock market investing and trading. Whitney Information Network, Inc. will continue to focus on real estate training programs.

This notice does not constitute an offer to sell the securities mentioned. The offering will be made only by a prospectus filed with the Securities and Exchange Commission and only in such states in which the offering may be legally conducted.

35) On November 9, 2005, defendants issued a press release reporting third quarter 2005 results, which stated:

CAPE CORAL, Fla.--(BUSINESS WIRE)--Nov. 9, 2005--Whitney Information Network, Inc. (OTC BB: RUSS):

- Pro Forma Operating Cash Flow of \$ 8.6 Million, or \$0.92 per share (fully diluted),
- Record Sales of \$47.7 Million, Net Income of \$2.5 Million before tax benefit of \$6.7 Million

Whitney Information Network, Inc. (OTC BB: RUSS), an international provider of post secondary career education programs, today reported record results for the third quarter ended September 30, 2005.

Other Highlights include:

- Pro Forma Operating Cash Flow of \$28.3 million for Nine Months ended September 30
- Record Sales of \$134.3 million for Nine Month ended September 30
- Cash and equivalents of \$28.2 million at September 30 (includes restricted cash)
- Sales, earnings and cash flow growth expected to continue throughout 2005

The dramatic increase in revenue in the third quarter of 2005 was a result of new pricing strategies, increased focus on marketing to geographic markets that have responded strongly to the Company's sales efforts, and an increase in delivery of the Company's Advanced Training courses. The various marketing initiatives that have been implemented as well as many of the planned projects that are being introduced over the course of the rest of the year could successfully expand the market and result in further sales gains. Increased sales coupled with cost savings from more efficient advertising expenditures including efficient media buys and scheduling and tighter control of general and administrative expenses, which are expected to grow at a slower pace than sales, should result in a continuation of the trend of improving margins.

Pro Forma Operating Cash flow (a non-GAAP calculation) was \$8.6 million for the three months ended September 30, 2005 or \$0.99 per share (basic) and \$0.92 per share fully dilutive and \$28.3 million for the nine months or \$3.25 per share (basic) and \$3.13 per share (fully diluted). Pro Forma Operating Cash flow measures the impact of accounting for deferred revenue and the costs associated with deferred revenue and other

cash items and may better portray the operating performance of the Company than the usual method of calculating operating cash flow. Sales for the third quarter were \$47.7 million, an increase of \$15.5 million, or 48.4%, compared to the same period a year earlier of \$32.2 million. Sales for the first nine months of 2005 were \$135.4 million, an increase of \$26.1 million, or 23.9%, over the \$109.3 million reported for the first nine months of 2004.

Net income (before tax benefit of \$6.7 million) from the third quarter ended September 30, 2005 was \$2.5 million, or \$0.30 per share (basic) and \$0.24 (fully diluted) compared to a net (loss) of \$12.0 million, or \$(1.40) per share (basic and fully diluted) for the same period in 2004. Net income (before tax benefit of \$6.7 million) for the nine months ended September 30, 2005 totaled \$9.9 million, or \$1.14 per share (basic) and fully diluted of \$1.09 as compared to a net loss of \$16.2 million, or \$(1.89) per share (basic and fully diluted) for the comparable period in 2004.

Total net income, which includes an income tax benefit from tax loss carry forward of \$6.7 million was \$9.1 million, or \$1.06 per share (basic) and \$0.99 per share (fully diluted) for the three months ended September 30, 2005 and was \$16.5 million, or \$1.90 per share (basic) and \$1.82 per share (fully diluted) for the nine months ended September 30, 2005. No income tax benefit for tax loss carry forwards was recorded in 2004.

Whitney's brand recognition is strong and it is anticipated that both events and attendee growth will remain robust. The Company remains optimistic about its performance over the balance of the year and the future.

36) On December 13, 2005, defendants announced the completion of a private placement:

Whitney Information Network, Inc. Announces \$13.5 Million Private Placement of Common Stock and Warrants
CAPE CORAL, Fla.--(BUSINESS WIRE)--Dec. 13, 2005--Whitney Information Network, Inc. (OTCBB:RUSS) announced today that it had completed the sale of 3,000,000 units of its securities to a group of 16 institutional investors for \$13.5 million or \$4.50 per unit. Each unit consisted of one share of the Company's common stock and 1/2 warrant to purchase an additional share at \$6.00 per share. 1.25 million of the units were sold by the Company's Chief Executive Officer. Prides Capital Partners, LLC of Boston, MA was the lead investor and was granted a seat on the Company's Board of Directors. The Company has agreed to file a registration in statement covering the securities within thirty days.

37) During 2006, defendants continued to disseminate false statements:

CAPE CORAL, Fla.--(BUSINESS WIRE)--March 31, 2006--Whitney Information Network, Inc. (OTCBB:RUSS), an international leader in the postsecondary education industry focused on educating individual investors in real estate and financial markets, reported full year 2005 revenue of \$178.6 million, up 28% over the prior year, net earnings of \$17.4 million vs. a net loss of \$(30.1) million in 2004, and Adjusted EBITDA of \$23.4 million compared with negative Adjusted EBITDA of (\$6.4) million in the prior year.

2005 Highlights

- Student attendance increased 9.1% to nearly 370,000 vs. 2004
- Cash received from course and product sales totaled \$196.5 million, a 20% increase over 2004
- Reported earnings per diluted share totaled \$1.86 vs. loss per diluted share of \$(3.50) in 2004
- Cash flows provided by operations amounted to \$17.1 million, vs. \$(1.5) million over prior year
- Cash, cash equivalents and restricted cash totaled \$38.7 million vs. \$6.8 million in 2004

"We are proud of the significant achievements our team attained in 2005," said Russell A. Whitney, founder, Chairman of the Board and Chief Executive Officer. "Through our team's hard work, efficiency gains and cost controls, we believe 2005 represents an inflection point for our Company and a platform for sustained growth in 2006 and beyond. We take tremendous satisfaction in the growing number of individuals who benefited in multiple ways from our training and ongoing support." President and Chief Operating Officer Nicholas S. Maturo said, "Our relevant and compelling course offerings proved our ability to provide pertinent education content and deliver it on a cost effective basis. Our portfolio of strong brands in both real estate and financial markets education catered to the individual investor. The depth of our advanced courses, the emerging electronic delivery of our course content and overall margin management provided for a terrific 2005 and the seeds for a strong 2006."

38) On May 22, 2006, defendants issued a press release announcing the filing of an updated registration statement:

EduTrades, Inc. Subsidiary of Whitney Information Network, Inc. Files Updated Registration Statement with SEC

CAPE CORAL, Fla., May 22, 2006 (BUSINESS WIRE) -- Whitney Information Network, Inc.:
-- Kaufman Bros., L.P. and Noble International Investments Named Co-Lead Underwriters
-- Filing Shows Increase in Size and Price of Public Offering
Whitney Information Network, Inc. (OTCBB:RUSS) announced today that its wholly-owned subsidiary, EduTrades, Inc., has filed an amended registration statement with the Securities and Exchange Commission raising the initial public offering to 3,000,000 shares of EduTrades common stock at a proposed offering price between \$9.00 to \$11.00 per share. The shares will be offered on a firm commitment basis through Kaufman Bros., L.P. and Noble International Investments, Inc., a subsidiary of Noble Financial.

Subsequent to the offering, Whitney will own 7,600,000 shares of EduTrades common stock, or 71.7% of the total shares of EduTrades outstanding. Proceeds from the initial public offering are expected to be used by EduTrades for development and expansion of its products and brands, upgrading its technological platforms and working capital. The announcement is not an offer to sell or the solicitation of an offer to buy EduTrades securities. Any such offer or solicitation will only be made by a prospectus and only in such states wherein the offering would be lawful.

39) On June 26, 2006, defendants issued a press release reporting first quarter 2006 financial results, which stated:

CAPE CORAL, Fla--June 26, 2006--Whitney Information Network, Inc. an international leader in the postsecondary education industry focused on educating individual investors in real estate and financial markets, reported revenue for the three months ended March 31, 2006 of \$45.3 million, 17.9% over the restated prior year amount of \$38.4 million and a net loss of \$3.5 million vs. a restated net earnings of \$0.8 million in the comparable 2005 period. For the first quarter ended March 31, 2006, the Company generated Adjusted EBITDA of \$8.7 million compared with Adjusted EBITDA of \$9.2 million in the comparable 2005 period.

Q1 2006 Highlights

- Paid student attendance increased 18.7% over the same period in 2005
- Cash received from course and product sales totaled \$57.3 million, a 20.7% increase vs. Q1 2005
- Cash flows provided by operations amounted to \$8.7 million, vs. \$6.7 million, a 30.2% increase over the same period in 2005
- Cash, cash equivalents and restricted cash totaled \$43.7 million at March 31, 2006 vs. \$13.3 million at March 31, 2005

40) On August 15, 2006, defendants issued a press release stating:

CAPE CORAL, Fla.--(BUSINESS WIRE)--Aug. 15, 2006--Whitney Information Network, Inc. (OTCBB: RUSS), an international leader in the postsecondary education industry focused on educating individual investors in real estate and financial markets, announced today that our Board of Directors had declared a cash dividend of \$1.00 per share. The special cash dividend reflects the confidence by our Board in our ability to continue to grow our business, increase free cash flow and build shareholder value. It also demonstrates our appreciation to our shareholders. After reflecting payment of the approximately \$11 million cash dividend, we have retained approximately \$39 million of cash, cash equivalents and restricted cash at June 30 to continue to fund our organic growth, future strategic acquisitions, technology development and improvements to our infrastructure. Consideration of future dividends will be based upon periodic analysis of our cash position as it relates to the cash requirements necessary to support our growth strategies. The special cash dividend of \$1.00 per share will be payable on or after October 2, 2006 to shareholders of record on September 15, 2006.

We completed the restatement of our Consolidated Financial Statements for the years 2001 through 2005, the quarters 2004 and 2005 and the first quarter of 2006. Yesterday, we filed an Amendment to Form S-1 and a Form 10-Q/A for Q1 2006 with the Securities and Exchange Commission reflecting the restatement, along with our Form 10-Q for Q2 2006.

Q2 2006 Highlights

- Paid student attendance increased 25.6% over the same period in 2005
- Cash received from course and product sales totaled a record \$59.7 million, a 17.1% increase vs. Q2 2005
- Cash flows provided by operations amounted to \$5.5 million vs. \$2.2 million, a 153% increase over the same period in 2005

-- Cash, cash equivalents and restricted cash totaled \$49.9 million at June 30, 2006 vs. \$21.4 million at June 30, 2005, a \$28.5 million increase

For the three months ended June 30, 2006, we reported record revenue of \$47.5 million, an increase of 16.1% over the restated prior year amount of \$40.9 million, and a net loss of \$4.6 million vs. a restated net loss of \$2.1 million in the comparable 2005 period. For the second quarter ended June 30, 2006, we recorded Adjusted EBITDA of \$6.9 million, essentially the same as in the comparable 2005 period.

During the first half of 2006, we recorded revenue of \$92.4 million, a 16.4% increase over the restated \$79.3 million in the first half of 2005, and a net loss of \$8.4 million vs. a restated net loss of \$1.3 million for 2005. Adjusted EBITDA for the first half of 2006 was \$15.5 million compared to \$16.2 million for the same period in 2005.

41) On November 14, 2006, defendants issued a press release announcing the registration of common stock for nearly 5 million shares, which stated:

Whitney Information Network, Inc. Announces: Registration of 4.95 Million Shares of Common Stock

Intention to List on a National Exchange Q3 2006 Operating Results
CAPE CORAL, Fla., Nov 14, 2006 (BUSINESS WIRE) -- Whitney Information Network, Inc. (OTCBB:RUSS), an international leader in the postsecondary education industry focused on educating individual investors in real estate and financial markets, announces that a Registration Statement filed with the Securities and Exchange Commission was declared effective yesterday at 5:00pm EST. The Registration Statement covers 4.95 million shares of common stock in connection with a private placement completed in December 2005. We also announce our intention to list our shares on a national stock exchange. We will commence an evaluation as to which exchange is best suited for our investors and take the necessary steps to accomplish this objective.

Q3 2006 Highlights

-- Cash received from course and product sales totaled a record \$58.3 million, an 8.8% increase vs. Q3 2005, while GAAP revenues increased 18.8% to \$52.3 million
-- Cash flows provided by operations amounted to \$7.9 million vs. \$6.0 million, a 31.2% increase over the same period in 2005

-- Cash, cash equivalents and restricted cash totaled \$61.9 million at September 30, 2006 vs. \$28.2 million at September 30, 2005, a \$33.7 million increase

For the three months ended September 30, 2006, we reported record revenue of \$52.3 million, an increase of 18.8% over the restated prior year amount of \$44.1 million, and a net loss of \$1.3 million vs. restated net earnings of \$5.3 million in the comparable 2005 period. Net earnings in the 2005 period included a \$6.7 million tax benefit. For the third quarter ended September 30, 2006, we recorded Adjusted EBITDA of \$4.3 million, a \$2.7 million decrease when compared to the same period in 2005.

During the first three quarters of 2006, we recorded revenue of \$144.8 million, a 17.3% increase over the restated \$123.4 million in the nine months of 2005, and a net loss of \$9.7 million vs. restated net earnings of \$3.9 million for 2005. Adjusted EBITDA for the first nine months of 2006 was \$19.9 million compared to \$23.3 million for the same period in 2005.

42) The statements detailed above in Whitney's SEC filings and press releases were materially false and misleading, because the Company's seemingly stellar results were only possible through the use of illegal marketing techniques. In addition, defendants acquisitions of related industry competitors are now under scrutiny.

THE TRUTH BEGINS TO UNRAVEL

43) Between November 21 and December 15, 2006, defendants revealed the existence of two federal investigations:

Whitney Information Network, Inc. Receives Notice of SEC Investigation CAPE CORAL, Fla.--(BUSINESS WIRE)--Nov. 21, 2006--Whitney Information Network, Inc. (OTCBB:RUSS) announced today that on the evening of November 14, 2006, it had been notified by the Securities and Exchange Commission that the Commission was conducting a non-public investigation to determine whether the Company has violated any securities laws in connection with (i) the efficacy or trading success of the Company's stock market education programs, and, (ii) the Company's acquisition of certain other companies. The Company intends to provide the Commission with any requested information.

Whitney Information Network, Inc. Receives Grand Jury Subpoena

CAPE CORAL, Fla., Dec 15, 2006 (BUSINESS WIRE) -- Whitney Information Network, Inc. (OTCBB:RUSS) announced today that the United States Attorney for the Eastern District of Virginia has notified the Company that it has commenced a grand jury investigation into certain of the Company's marketing activities. The Company received a subpoena on December 11, 2006 in connection with this investigation requesting documents and information from January 1, 2002 to the present relating to its marketing activities. The Company intends to cooperate fully with this investigation.

The Company's Board of Directors has established a Special Committee of independent directors to conduct an internal investigation of these activities and the Company's acquisitions of other companies. The Committee has engaged the law firm of Wilmer Cutler Pickering Hale and Dorr to assist it with this investigation.

Separately, the Company also announced today that it intends to withdraw its EduTrades, Inc. registration statement filed with the Securities and Exchange Commission.

44) On December 19, 2006, defendants announced the departure of two high level executives:

Whitney Information Network, Inc. Announces Departure of Officers CAPE CORAL, Fla.--(BUSINESS WIRE)--Dec. 19, 2006--Whitney Information Network, Inc. (OTCBB:RUSS) announced today the termination of employment of Nicholas S. Maturo, President and Chief Operating Officer and Rance Masheck, Vice President, Sales and Marketing of EduTrades, Inc. (a subsidiary of the Company).

45) Between November 21, 2006 and December 15, 2006, Whitney stock dropped from \$5.65 per share, to \$3.50 per share.

UNDISCLOSED ADVERSE INFORMATION

46) The market for Whitney securities was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Whitney securities traded at artificially inflated prices during the Class Period. The artificial inflation continued until the time Whitney admitted that it was experiencing declining

sales and these admissions were communicated to, and/or digested by, the securities markets. Plaintiff and other members of the Class purchased or otherwise acquired Whitney securities relying upon the integrity of the market price of Whitney securities and market information relating to Whitney , and have been damaged thereby.

47) During the Class Period, defendants materially misled the investing public, thereby inflating the price of Whitney securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations.

48) At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Whitney 's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Whitney and its business, prospects and operations, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

SCIENTER ALLEGATIONS

49) As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements, issued or disseminated by or in the name of the Company were materially false and misleading; knew or recklessly disregarded that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violators of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Whitney and its business practices, their control over and/or receipt of Whitney ' allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Whitney were active and culpable participants in the fraudulent scheme alleged herein. Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information which they caused to be disseminated to the investing public. The ongoing fraudulent scheme described in this complaint could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Individual Defendants.

50) The Individual Defendants engaged in such a scheme to inflate the price of Whitney securities in order to: (i) protect and enhance their executive positions and the substantial compensation and prestige they obtained thereby; (ii) enhance the value of their personal holdings of Whitney common stock; and (iii) allow defendants to sell millions of dollars worth of Whitney stock before the truth was revealed.

**APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD-ON-THE-MARKET DOCTRINE**

51) At all relevant times, the market for Whitney stock was an efficient market for the following reasons, among others:

(a) Whitney stock met the requirements for listing, and was listed and actively traded, on the OTC, a highly efficient market;

(b) As a regulated issuer, Whitney filed periodic public reports with the SEC and the NASD;

(c) Whitney regularly issued press releases which were carried by national newswires. Each of these releases was publicly available and entered the public marketplace.

52) As a result, the market for Whitney securities promptly digested current information with respect to Whitney from all publicly-available sources and reflected such information in Whitney 's stock price. Under these circumstances, all purchasers of Whitney securities during the Class Period suffered similar injury through their purchase of stock at artificially inflated prices and a presumption of reliance applies.

COUNT I
For Violations Of Section 10(b) Of The
1934 Act And Rule 10b-5 Promulgated
Thereunder Against All Defendants

53) Plaintiff repeats and realleges the allegations set forth above as though fully set forth herein. This claim is asserted against all defendants.

54) During the Class Period, Whitney and the Individual Defendants, and each of them, carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Whitney

common stock; and (iii) cause plaintiff and other members of the Class to purchase Whitney stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants Whitney and the Individual Defendants, and each of them, took the actions set forth herein.

55) These defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Whitney securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. These defendants are sued as primary participants in the wrongful and illegal conduct charged herein. The Individual Defendants are also sued herein as controlling persons of Whitney, as alleged below.

56) In addition to the duties of full disclosure imposed on defendants as a result of their making of affirmative statements and reports, or participation in the making of affirmative statements and reports to the investing public, they each had a duty to promptly disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulation S-X (17 C.F.R. § 210.01 et seq.) and S-K (17 C.F.R. § 229.10 et seq.) and other SEC regulations, including accurate and truthful information with respect to the Company's operations, financial condition and performance so that the market prices of the Company's publicly traded securities would be based on truthful, complete and accurate information.

57) Whitney and the Individual Defendants, individually and in concert, directly and indirectly, by the use of means or instrumentalities of interstate commerce and/or of the mails,

engaged and participated in a continuous course of conduct to conceal adverse material information about the business, business practices, performance, operations and future prospects of Whitney as specified herein. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Whitney ' value and performance and substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Whitney and its business, operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Whitney securities during the Class Period.

58) Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) each of the Individual Defendants was a high-level executive and/or director at the Company during the Class Period; (ii) each of the Individual Defendants, by virtue of his responsibilities and activities as a senior executive officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) the Individual Defendants enjoyed significant personal contact and familiarity with each other and were advised of and had access to other members of the Company's management team, internal reports, and other data and information about the Company's financial condition and performance at all relevant times; and (iv) the Individual Defendants were aware of the Company's dissemination of

information to the investing public which they knew or recklessly disregarded was materially false and misleading.

59) These defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were readily available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Whitney ' operating condition, business practices and future business prospects from the investing public and supporting the artificially inflated price of its stock. As demonstrated by their overstatements and misstatements of the Company's financial condition and performance throughout the Class Period, the Individual Defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

60) As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Whitney ' securities was artificially inflated during the Class Period. In ignorance of the fact that the market price of Whitney ' shares was artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by defendants during the Class Period, plaintiff and the other members of the Class acquired Whitney securities during the Class Period at artificially inflated high prices and were damaged thereby.

61) At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had plaintiff and the other members of the Class and the marketplace known of the true performance, business practices, future prospects and intrinsic value of Whitney, which were not disclosed by defendants, plaintiff and other members of the Class would not have purchased or otherwise acquired their Whitney securities during the Class Period, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

62) By virtue of the foregoing, Whitney and the Individual Defendants each violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

63) As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

COUNT II
For Violations Of Section 20(a) Of The
1934 Act Against Individual Defendants

64) Plaintiff repeats and realleges the allegations set forth above as if set forth fully herein. This claim is asserted against the Individual Defendants.

65) The Individual Defendants were and acted as controlling persons of Whitney within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions with the Company, participation in and/or awareness of the Company's operations and/or intimate knowledge of the Company's actual performance, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the

various statements which plaintiff contends are false and misleading. Each of the Individual Defendants was provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

66) In addition, each of the Individual Defendants had direct involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

67) As set forth above, Whitney and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their controlling positions, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

BASIS OF ALLEGATIONS

68) This complaint is pleaded in conformance with Federal Rules of Civil Procedure and the PSLRA. Plaintiff has alleged the foregoing based upon the investigation of plaintiff's counsel, which included a review of Whitney 's SEC filings, securities analysts' reports and advisories about the Company, press releases issued by the Company and media reports about the Company.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, on his own behalf and on behalf of the Class, prays for judgment as follows:

- (i) Declaring this action to be a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Class defined herein;
- (ii) Awarding plaintiff and the other members of the Class damages in an amount which may be proven at trial, together with interest thereon;
- (iii) Awarding plaintiff and the members of the Class pre-judgment and post-judgment interest, as well as their reasonable attorneys' and experts' witness fees and other costs; and
- (iv) Such other relief as this Court deems appropriate.

JURY DEMAND

Dated: December 27 2006

Plaintiff demands a trial by jury.

By: 

SAXENA WHITE P.A

Maya Saxena

Fla Bar. No. 0095494

Joseph White

Fla Bar. No. 0621064

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